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BERMUDA

Working paper prepared by the Secretariat

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BERMUDA 1/

I. GENERAL

1. Bermuda is located in the western part of the Atlantic Ocean about 917 kilometres east of Cape Hatteras on the North Carolina coast of the United States of America.

2. The Territory has a total area of 53.35 square kilometres and consists of 150 islands and islets extending from north-east to south-west along the edge of an extinct, submarine volcano. Most of the islands are inhabited and rise above sealevel to an average height of 30 metres and a maximum elevation of 86 metres. The terrain is generally hilly, with fertile depressions and some marshy areas. The largest island is about 22.5 kilometres long and 3.2 kilometres wide. It covers an area of about 3,650 hectares, consisting mostly of a fertile, shallow valley.

3. According to the latest estimates, as of 1995, the population of Bermuda totalled 63,000. 2/

II. CONSTITUTIONAL AND POLITICAL DEVELOPMENTS

A. General

4. The Constitution of Bermuda, adopted in June 1968 and amended in 1973, 1979 and 1989, contains provisions relating to the protection of fundamental rights and freedoms of the individual; the powers and duties of the Governor; and the composition, powers and procedures of the Legislature, the Executive, the judiciary and the public service.

5. The Government of Bermuda consists of a Governor, a Deputy Governor, a Cabinet and a bicameral Legislature comprising a Senate and a House of Assembly. The Governor, appointed by the Queen, is responsible for defence, external affairs, internal security and the police. The Governor may delegate some responsibilities in these areas to the territorial Government. In exercising his reserved powers, the Governor is required to consult with the Governor's Council, of which he is Chairman, and of which the Premier and two or three Cabinet ministers nominated by the Premier are members. The Premier and his Cabinet, through the Legislature, have full responsibility for the Government, except where restricted by the Governor's reserved powers. The Secretary of the Cabinet, appointed by the Governor in accordance with a recommendation of the Premier, heads the public service and acts as Secretary to the Governor's Council.

B. Political parties and elections

6. There are three political parties in the Territory: the United Bermuda Party (UBP), the National Liberal Party (NLP) and the Progressive Labour Party (PLP).

7. It will be recalled that the last general election in Bermuda was held on 5 October 1993. UBP won a majority of 22 seats and PLP obtained 18 seats in the territorial Legislature. 3/

III. ACTIVITIES RELATED TO THE WITHDRAWAL OF MILITARY BASES

8. Information on activities related to the withdrawal of the military bases during 1993 and 1994 is contained in the previous working papers on the Territory prepared by the Secretariat (A/AC.109/1189, paras. 31-35, and A/AC.109/2020, paras. 10-11).

9. According to press reports, 4/ in October 1995, Mr. Grant Gibbons, then Finance Minister of Bermuda, announced the closure of the following military bases and/or installations in the Territory: the United States Naval Station at St. David's; the United States Naval Annex and Tudor Hill facility at South Hampton; and the former Canadian Forces Station at St. Daniel's Head. He warned that the withdrawal of those military bases would result in an annual loss by the Territory of approximately US$ 50 million in the foreign currency earnings that had originated from the operation of those bases. The Minister further unveiled a long-term plan for the utilization of the land transferred to the jurisdiction of the territorial Government as a result of those closures. The plan includes the following development projects: a medical centre, a container port, a commercial fisheries centre, a technology park, an educational and research centre, a public marina and recreation facilities. It is expected that the implementation of the plan could create an additional 3,000 jobs in Bermuda. Bermuda Development Corporation, a special government agency, will manage and finance the aforementioned projects.

IV. ECONOMIC CONDITIONS

A. General

10. Bermuda has no natural resources in the conventional sense upon which to build a viable economy. It has capitalized historically on its location and scenic beauty and has developed a thriving tourist industry, which continues to be an important component of the territorial economy. The international business industry also makes an important contribution to the economy of Bermuda, bringing in large amounts of foreign currency. Other earnings are derived from exports, shipping, investments and other goods and services.

11. The manufacturing industry and agriculture exist on a limited scale and therefore contribute little to the economy of Bermuda. The local manufacturing sector includes printing, fish processing and ship repair, as well as the manufacture of paint and pharmaceutical products. In recent years, there have been attempts to attract high-technology companies to Bermuda in an effort to develop in the Territory a centre for computer technology. Agricultural activity is constrained by the small amount of land available for farming.

12. During 1995, the rate of inflation was 2.4 per cent, compared with 2.5 per cent in 1994. 5/

B. Public finance

13. Total revenue for the financial year 1995/96 is estimated at B$ 426.1 million, an increase of 9.2 per cent over 1994/95. Current account expenditure for the financial year 1995/96 amounts to B$ 390.4 million, an increase of 6.8 per cent over 1994/95. In 1995/96, government borrowing for capital projects is estimated at B$ 75 million. 6/

C. Banking

14. Foreign banks are not allowed to operate in Bermuda; therefore, local banks benefit from a quasi-monopoly in handling lucrative international business operations for offshore clients.

15. The Bank of Bermuda is ranked as the world's 684th largest bank, the Bank of Butterfield is ranked 795th. A third bank, Bermuda Commercial Bank, founded in 1969 and the only bank owned by Bermudians of African ancestry, was acquired in 1993 by First Curaçao International Bank based in the Netherlands Antilles. 7/

16. According to the administering Power, as of September 1995, the assets of the Bermuda banks stood at B$ 8,116 million. They included cash demand deposits, B$ 1,313 million; time deposits, B$ 2,160 million; investments, B$ 2,925 million; loans and advances, B$ 1,349 million; premises and equipment, B$ 141 million; and other assets, B$ 228 million.

D. International business

17. during the period under review, the contribution made by international business companies to Bermuda's economy continued to be an important factor of the economic welfare of the Territory.

18. According to the administering Power, as of 30 September 1995, the total number of the international business companies registered in Bermuda was 8,668, comprising 7,933 exempted companies, 255 exempted partnership companies, 454 non-resident companies and 26 non-resident insurance companies. From January to September 1995 the net increase in the number of foreign companies on the register was 230.

19. Bermuda is a leading world captive insurance centre and a favoured venue for specialist companies operating as financial reinsurers covering international companies against the cost of legal awards. The growth of this sector in Bermuda is attributable mainly to increasing rates on international reinsurance in Europe and North America, as well as to the Territory's financial regulations and the absence of a tax on profits, dividends or income. 8/

20. The Registrar of Companies, who is the chief regulator of the territorial insurance industry, reiterated in recent statements that the standards and rules of acceptance in the industry must be kept high to screen out disreputable companies attempting to domicile in Bermuda. He also said that his department

was increasing the level of its staff and improving its technical facilities in order to cope with the growth in the insurance and reinsurance market. 9/

E. Transport and communications

21. Basic information on transport and communications is contained in the 1994 and 1995 working papers on Bermuda prepared by the Secretariat (see A/AC.109/1189, paras. 57-59, and A/AC.109/2020, paras. 22 and 23).

22. According to press reports, 10/ during the period under review, the territorial Government allocated additional funds and increased the workforce to handle the functions of the airport (runway maintenance, air traffic control, weather forecasts and search-rescue missions), as well as sea transportation safety and rescue operations, which had been handled by the United States Navy prior to its withdrawal from the Territory (also see para. 9 above).

F. Tourism

23. During the period under review, tourism continued to be a major sector of the territorial economy and a principle source of foreign exchange.

24. According to the administering Power, during January-September 1995, tourist stay-over arrivals to Bermuda totalled 305,167 and cruise passenger arrivals were 145,857, showing a decline of 12.7 per cent and 14.2 per cent respectively, compared with the period January-September 1994. The decline in tourist and cruise passenger arrivals was attributed to the occurrence of hurricane weather during the third quarter of 1995. Tourist expenditure in the Territory also declined and during January-September 1995 totalled B$ 398.4 million, compared with B$ 465.9 million during January-September 1994.

25. According to the administering Power, hotel industry continued to be an important employer in Bermuda and, as of July 1995, accounted for 4,210 jobs in the Territory.

V. SOCIAL CONDITIONS

A. General

26. According to a report released by the territorial Government in September 1995, 11/ during the period under review, approximately 19 per cent of Bermuda's households were in the poverty brackets and continued to receive some form of assistance from the Government. Poverty was predominant among the youngest and single parent households. The Government continued to undertake retraining programmes aimed at giving new skills to Bermudians. The training scheme, which involves the Apprenticeship and Training Council and the Bermuda College, is linked with a job reallocation programme in which jobs held by foreigners could be given to qualified Bermudians.

B. Race relations

27. On 28 October 1995, the territorial Government released a report entitled Bermuda's Stride Towards the Twenty-first Century 12/ containing a sociological analysis of the developments in Bermuda. The report states that "institutionalized racism continued to exist, despite the policies of Bermudianization". According to the report, "income, schooling and job achievements are the lowest among the communities with high proportions of residents of African descent". As of 1995, 84 per cent of the unemployed were Black Bermudians; only 20 per cent of the Black labour force held professional or managerial positions. The report was particularly critical of the "existing workplace racism" and recommended that the Government take every appropriate measure to address that issue.

28. Following the release of the report, the territorial Government established a Commission for Unity and Racial Equality specifically designed to deal with problems of race relations in Bermuda. The Commission is to address the problems of racial discrimination on a priority basis and seek avenues to remove all existing barriers and impediments to equal opportunity. 12/

C. Labour

29. According to the administering Power, as of 1994, total employment in Bermuda was 34,143. The breakdown of the employment figures by industry was as follows: agriculture, fishing and quarrying, 519; manufacturing, 1,098; utilities, 516; construction, 1,628; wholesale and retail trade, 4,813; hotels, restaurants and clubs, 5,909; transport and storage, 1,737; communications, 600; banks, insurance and real estate, 3,049; business services, 2,022; public administration and defence, 4,380; education, health and community services, 603; personal and household services, 2,204; and other, 2,214.

D. Public health

30. The Ministry of Health and Social Services is responsible for all aspects relating to public health. Medical care is provided by private practitioners and three government health clinics. Fees are charged for hospital care, and medical insurance is compulsory for all workers. A hospital levy covers the cost of services rendered by the hospitals to children under 16 years of age, and indigent persons over 65 years of age pay 20 per cent of hospital costs.

E. Crime and crime prevention

31. In September 1995, the Bermuda Police released a report on crime and crime prevention in the Territory. 13/ The report states that during 1994, crime increased by 5.6 per cent compared with 1993. The report indicated that there was "an alarming increase in the number of murders and assaults causing bodily harm, robberies, break-ins and thefts". The crime statistics for 1994 were as follows: murders, 6; grievous bodily harm, 71; bodily harm, including woundings, 293; assaults on police, 12; and sexual assaults on females, 42. In

1994, the rate of crime detection was 38.54 per cent compared with 40.38 per cent in 1993. 13/

32. According to the territorial Police Commissioner, "the scourge of drugs and drug abuse continue to be increasing factors in criminal activity in Bermuda ... some 80 per cent of offenders claim that the drug trade, drug addiction or drug abuse were the root cause of their involvement in crime". 13/ During 1994, the police force seized 366.7 grams of heroin, 2,434 grams of cocaine, 408.1 grams of cocaine freebase, 361.2 kilograms of cannabis and 543.5 grams of cannabis resin. The Police narcotics division also seized approximately B$ 400,000 in cash. 13/

VI. EDUCATIONAL CONDITIONS

33. According to press reports, 14/ Bermuda is "at least 30 years behind the rest of the world" in teaching technology. A recent report on education in Bermuda, prepared in 1995 by an expert contracted by the Government, recommends that the territorial authorities embark without delay on restructuring of the entire educational system, with particular emphasis on the curriculum, educational environment, teaching techniques and administration.

34. During the period under review, the Government of Bermuda continued its work on the preparation of a new education act aiming at upgrading the entire system of education. 15/

VII. FUTURE POLITICAL STATUS

A. Independence referendum

35. On 24 March 1995, the territorial House of Assembly adopted the Independence Referendum Act by a vote of 20 to 18, over strong objection by the opposition PLP but with full support from UBP. 15/ On 5 April 1995, following protracted discussions, the bill was approved by the Senate without a negative vote from the three senators of PLP. In the past, PLP had stated that although it supported independence, it opposed a referendum. 15/ The voting formula required that at least 40 per cent of those on the electoral roll vote in the referendum in order for the winning option to constitute a mandate. 16/ A simple majority would then decide on the future of the Territory and make the referendum binding. 16/

36. The referendum had been scheduled for 15 August 1995; however, it was delayed for one day because of hurricane "Felix" and was held on 16 August 1995. 17/ According to the administering Power, 58.8 per cent of the registered voters participated in the referendum. According to the same source, the results of the referendum were as follows: 25.6 per cent voted in favour of independence; 73.7 per cent voted against; and 0.7 per cent abstained.

37. Following the referendum, Mr. John Swan, Premier of Bermuda, resigned and was replaced by Mr. David Saul, former Finance Minister. 18/

B. Position of the territorial Government

38. In September 1995, Mr. Saul stated that "independence was water under the bridge" and that the "issue would not be raised again during the life of the current parliamentary session". 19/

C. Position of the administering Power

39. At the 82nd plenary meeting of the General Assembly, on 6 December 1995, the representative of the United Kingdom stated (see A/50/PV.82):

> "Self-determination does not automatically equate with independence and there are other options available. The recent referendum in Bermuda illustrates this well. The people there voted against independence and to maintain their existing links with the United Kingdom."

40. On 11 October 1995, in a statement to the Special Political and Decolonization Committee (Fourth Committee) the representative of the United Kingdom said (see A/C.4/50/SR.6):

> "The British record on decolonization is a good one. The United Kingdom continues to take very seriously its obligations under the Charter to develop self-government in our dependent Territories. We make every effort to ensure that information on the Territories is provided to the Special Committee, as required by Article 73 e of the Charter.
>
> "Within the constraints of treaty obligations, we remain firmly committed to ensuring, in cooperation with the locally elected Governments, that their constitutional frameworks continue to meet the interests and wishes of their peoples. Each of the dependent Territories holds regular and free elections at which all parties are free to advocate whatever constitutional proposals they wish. It is therefore not relevant for the Special Committee to request the United Kingdom as an administering Power to conduct constitutional reviews or ascertain through referendums the views of the people of British dependent Territories. The United Kingdom is fully prepared to consider any proposals put forward by the people themselves."

He also reaffirmed his Government's view that it was "totally incorrect to equate self-determination solely with independence", ignoring other options that were available.

D. Action by the General Assembly

41. On 6 December 1995, the General Assembly adopted without a vote resolution 50/38 B, section 3 of which particularly concerns Bermuda.

Notes

1/ The information contained in the present paper has been derived from published reports and from information transmitted to the Secretary-General on 7 July 1995 and on 22 January 1996 by the Government of the United Kingdom of Great Britain and Northern Ireland under Article 73 e of the Charter of the United Nations.

2/ United Nations World Population Prospects: The 1994 Revision, E/95/XIII.16, p. 232.

3/ Caribbean Insight, October 1993; and The Royal Gazette (Hamilton), 6 October 1993.

4/ The Royal Gazette (Hamilton), 3 October 1995.

5/ Ibid., 3 January 1996.

6/ Ibid., 15 February 1995.

7/ Ibid., 29 August 1995.

8/ The Financial Times (London), 19 October 1993.

9/ The Royal Gazette (Hamilton), 6 November 1993.

10/ Ibid., 3 October 1995.

11/ Ibid., 23 September 1995.

12/ Ibid., 29 October 1995.

13/ Ibid., 28 September 1995.

14/ Ibid., 11 September 1995.

15/ Ibid., 24 March 1995.

16/ Ibid., 6 April 1995.

17/ Ibid., 29 August 1995.

18/ Ibid., 13 September 1995.

19/ Ibid., 30 September 1995.